

VZCZCXRO5180
RR RUEHDT RUEHPB
DE RUEHWL #0378/01 3120409
ZNR UUUUU ZZH
R 070409Z NOV 08
FM AMEMBASSY WELLINGTON
TO RUEHC/SECSTATE WASHDC 5519
INFO RUEHNZ/AMCONSUL AUCKLAND 1778
RUEHBY/AMEMBASSY CANBERRA 5306
RUEHDN/AMCONSUL SYDNEY 0745
RUCNARF/ASEAN REGIONAL FORUM COLLECTIVE

UNCLAS SECTION 01 OF 03 WELLINGTON 000378

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STATE FOR STATE FOR EAP/ANP
PACOM FOR J01E/J2/J233/J5/SJFHQ

E.O. 12958: N/A
TAGS: [PGOV](#) [PHUM](#) [KDEM](#) [NZ](#)
SUBJECT: NATIONAL LIKELY ELECTION WINNER

Ref: Wellington 370

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11. (SBU) Summary. One day before New Zealand heads to the polls, the odds appear to be stacked against Labour winning a fourth term in government. Polls released in the last two days show the opposition National Party is maintaining a double-digit lead over Labour. The economy is the main election issue, followed by law and order, which have been consistent winners for the opposition National Party. Most media pundits already have called the election for National, although some analysts have reminded voters that Labour overcame a poll deficit in 2005 to narrowly win. The question is whether National will be able to form a coalition government, or will Helen Clark prove the master collation builder once more. End Summary.

Polls Promise National Win

12. (SBU) If the latest polls are to be believed, National may be coasting to victory at the polls on November 8. The TV One and TV 3 polls released on November 6 show National in the lead, with TV One giving National a 12-point lead and TV 3 nearly the same at 13 points. A Colmar Brunton poll also showed a 12-point gap (47 percent for National and 35 percent for Labour). The latest Herald Digi-poll had National at 48 percent and Labour at 36 percent. Finally, the Fairfax-Nielsen poll on November 7 showed National ahead of Labour by 18 points (49 versus 31 percent). Averaging out the five polls puts National at roughly 47 percent and Labour at 34 percent. Media analysts note that the minor party polling results would give National supporters ACT and United Future three or four seats meaning that National would not need the Maori Party to take control of the government if these poll results hold. PM Clark has dismissed the final polls, saying that they are "all over the place" and unreliable.

13. (U) The economy remains the number one issue going into the November 8 election. The November 6 Herald Digi-poll showed (as did previous polls) that the economy, at thirty-two percent, was the issue most likely to influence voters. Moreover, the number of respondents who believed that the National Party is best able to handle the financial difficulties facing New Zealand (fifty percent) clearly outweighed those who believed that the incumbent Labour Party would (forty-one percent) do best. Labour has continued to

focus its economic policies on government-funded and government-led initiatives. The few exceptions have been where Labour has tried to mirror some of the well-received ideas of National.

14. (SBU) National has made considerable effort to persuade voters that it has greater competence on economic issues and to reassure voters that it will not dramatically change direction or undercut existing social safety nets. John Key, a former international money trader, has asserted that he is better equipped to understand the current turmoil in the global financial markets than Clark, a career politician. He has also stressed that many of his front-bench MPs have real world experience outside government that will keep National attuned to moving the economic levers in ways that favor the majority of working New Zealanders. Key has offered economic policies that New Zealanders generally find attractive such as larger tax cuts and a focus on infrastructure development. Key is not the unabashed free-market deregulator that has kept some moderate New Zealand voters away from National in the past. Rather, his public-private economic management philosophy appeals to voters who have questioned the Labour government's intervention on economic issues, such as the decision to buy back the rail network earlier this year.

Law and Order a Focal Point

15. (SBU) Law and order issues have consistently placed second behind the economy on a list of issues likely to influence voters. The November 6 Herald-Digi-poll showed law and order as the second-most important issue

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to voters. Over the past three years, widely reported recurrent incidents of violent crime, parole violations by recidivist offenders, increase in drug-related crime, and organized criminal activity have left many New Zealanders fearing that their country is not the safe haven it was once thought to be.

16. (SBU) National has emphasized a firmer response for youth offenders and no parole for worst repeat offenders. With regard to correctional matters, National favors incarceration over Labour's tendency to promote rehabilitation. Labour has been reluctant to acknowledge that law and order is a growing problem in New Zealand, claiming that the media are simply reporting more violent crime. They may be right, but that has not mattered. The policy void has given National a distinct political advantage, particularly since police organizations have applauded National policy proposals.

Clark's Trust Argument Has Not Changed Polls

17. (SBU) From the outset of the campaign, Clark has promoted trust as a central theme of the election. She was campaigned on her years of executive experience and her ability to form governments in the intricate MMP environment (reftel) in contrast to Key's own relative inexperience. Clark has continued to do better personally in the polls than has her party. She has repeatedly sought to undermine Key's character by presenting him as deceitful and as having a secret hard-right agenda. But Labour's recent attempts to attack Key's character by trying to implicate him in a decades-old financial scandal fell flat. Moreover, Labour Party President Mike Williams flew to Australia at taxpayer expense to pursue the Labour Party's investigation into Key's potential relationship to this issue, which became a point of embarrassment for Clark.

Recently, Clark had to contend with further revelations about Winston Peters and the Owen Glenn scandal, which also pointed to Clark being less than honest about how much she knew regarding Peters' potential conflict of interest in the Owen Glenn affair.

Debates Favored Key

¶8. (SBU) On November 5, the last of three debates between Clark and Key took place, and media analysts and commentators awarded a slim victory to Clark. However, on balance experts and the public alike thought that Key was the overall victor in the debate series. It is not certain whether Key's strong debate performance will translate into increased support on Election Day. It did, however, serve to strengthen his Prime Minister-in-waiting credentials and showed that he could go head-to-head with Clark, a formidable debater.

"Only a Miracle Can Save Labour"

¶9. (SBU) Many from the media have already called the election for National. One of New Zealand's most respected political journalists wrote on November 6 that there was already a popular sense National would lead the next government. John Armstrong of the New Zealand Herald, the country's biggest daily newspaper, observed that "the pervading question is no longer whether Labour has any chance of winning; it is now the margin by which National will win." Armstrong believed that the drive has gone out of Labour's campaign and that party "does not have much left to deploy" ahead of Election Day.

¶10. (SBU) The Dominion Post, another daily newspaper, featured a front-page headline saying "Time for a Change," and citing the 49-31 percent poll results favoring National from the latest Fairfax-Neilsen polls. Most journalists have been hedging their bets, noting that Labour narrowly squeaked by to win in 2005 based on a strong get-out-the-vote effort by Labour Party faithful in South Auckland that tipped the balance for Labour. Clark has been spending considerable time in South Auckland at the end of the

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campaign to try and shore up support from the party base.

Comment: Who Will Win the Second Campaign?

¶11. (SBU) Although the polls have narrowed over the past 10 months, National is still commanding a consistent double-digit lead over Labour going into tomorrow's election. But winning the election is not enough. Unless National polls over 50 percent, which few expect, they will need to form a coalition. National Party officials are quietly optimistic that they will stay above the 47 percent mark, which means they would likely be in a position to govern with ACT and United Future, and would not need the Maori Party. But in the complex world of MMP politics in New Zealand and as voters witnessed in 2005, Helen Clark cannot be ruled out to deliver an upset victory.

McCormick